

HB  
1  
Q1  
182

THE  
QUARTERLY  
JOURNAL OF  
ECONOMICS

FOUNDED 1886

*Editor*  
GOTTFRIED HABERLER

---

VOLUME LXXXII

---

PUBLISHED BY HARVARD UNIVERSITY  
CAMBRIDGE, MASSACHUSETTS  
1968

PRINTED IN UNITED STATES OF AMERICA

# CONTENTS FOR VOLUME LXXXII

## SUBJECTS

	PAGE
The Acceleration Principle and the Nature of Business Cycles. Gregory C. Chow . . . . .	403
The American Council of Economic Advisers and the German <i>Sachverständigenrat</i> : A Study in the Economics of Advice. Henry C. Wallich	349
The Badly Behaved Production Function: Comment. Michael Bruno, Edwin Burmeister, and Eytan Sheshinski . . . . .	524
Capacity Utilization and Production Function Estimation in Postwar American Manufacturing. C. A. Knox Lovell . . . . .	219
Centralized Versus Decentralized Resource Allocation: The Yugoslav "Laboratory". Thomas A. Marschak . . . . .	561
Collusion in Oligopoly: An Experiment on the Effect of Numbers and Information. F. T. Dolbear, L. B. Lave, G. Bowman, A. Lieberman, E. Prescott, F. Rueter, and R. Sherman . . . . .	240
The Cost of Transacting. Harold Demsetz . . . . .	33
Credit Rationing, Interest Rate Lags, and Monetary Policy Speed. Donald P. Tucker . . . . .	54
Economic Theory and the Meaning of Competition. Paul J. McNulty . . . . .	639
The Effect of Separation of Ownership and Control on the Performance of the Large Firm. R. Joseph Monsen, John S. Chiu, and David E. Cooley . . . . .	435
The Effects of Specific and Ad Valorem Taxes. Robert L. Bishop . . . . .	198
The Enlistment Decision under Draft Uncertainty. David F. Bradford . . . . .	621
Factor Proportions, Human Capital and Foreign Trade: The Case of West Germany Reconsidered. Karl W. Roskamp and Gordon C. McMeekin	152
Housing Segregation, Negro Employment, and Metropolitan Decentralization. John F. Kain . . . . .	175
The Impact of Alternative Government Policies under Varying Exchange Systems: Comment. Michael Michaely . . . . .	508
The Impact of Alternative Government Policies under Varying Exchange Systems: Reply. Anne O. Krueger . . . . .	511
The Impact of the Labor Market upon the Design and Selection of Productive Techniques within the Manufacturing Plant. Michael J. Piore	602
Indirect Taxes and Relative Prices: Comment. John F. Due . . . . .	340
Indirect Taxes and Relative Prices: Reply. Ann F. Friedlaender . . . . .	344
The Interest Rate, Taxation, and the Personal Savings Incentive. M. S. Feldstein and S. C. Tsiang . . . . .	419
International Development Policy: Two Recent Studies. Peter T. Bauer	474
Israel and the European Economic Community. Mordechai E. Kreinin . . . . .	297
Linear Decision Rules for Economic Stabilization and Growth: Comment. W. Lynn Holmes . . . . .	514
A Model of the Demand for Money by Firms: Comment. Martin Weitzman . . . . .	611
Monetary and Fiscal Policy: Goals and the Choice of Instructions. David J. and Attiat F. Ott . . . . .	313
A Note on the Global Stability of a Simple Growth Model with Many Capital Goods. Edwin Burmeister, Rodney Dobell and Kiyoshi Kuga	657

	PAGE
The Opportunity Costs of Public Investment: Comment. Peter Diamond	682
Output, Employment and Wages in the Short Run. Robert M. Solow and Joseph E. Stiglitz . . . . .	537
Per Capita Consumption and Growth: Comment. Trent J. Bertrand . . .	165
Performance Criteria for Evaluating Economic Development Potential: An Operational Approach. Irma Adelman and Cynthia Taft Morris	260
The Political Economy of Import-Substituting Industrialization in Latin America. Albert O. Hirschman . . . . .	1
Productivity Change in British Pig Iron, 1870-1939. Donald N. McCloskey	281
Regional Allocation of Investment: Corrigendum. Akira Takayama . . .	526
The Reserve Base, Reserve Requirements, and the Equilibrium Rate of Interest: Comment. Paul A. Meyer . . . . .	498
The Reserve Base, Reserve Requirements, and the Equilibrium Rate of Interest: Reply. Herschel I. Grossman . . . . .	504
Saving and Uncertainty: The Precautionary Demand for Saving. Hayne E. Leland . . . . .	465
The Solution of Qualitative Comparative Static Problems: Comment. Lowell Bassett . . . . .	519
Stability Conditions in the Pure Theory of International Trade: A Re- habilitation of the Marshallian Approach. Akihiro Amano . . . . .	326
Stochastic Stability of Short-Run Market Equilibrium. Stephen J. Turnov- sky . . . . .	666
Substitution and Supply Elasticity in Calculating the Effective Protec- tive Rate. J. Clark Leith . . . . .	588
Towards a Better Understanding of the Incremental Capital-Output Ratio. J. Vanek and A. H. Studenmund . . . . .	452
The Turning Point in the Japanese Economy, Ryoshin Minami . . . . .	390
Upward Labor Mobility: Opportunity or Incentive? Alan K. Severn . . .	143
Wage-Determination in U. S. Manufacturing. Sara Behman . . . . .	117
Wage Rates as a Barrier to Entry: The Pennington Case in Perspective. Oliver E. Williamson . . . . .	85

#### AUTHORS

ADELMAN, IRMA and MORRIS, CYNTHIA TAFT. Performance Criteria for Evaluating Economic Development Potential: An Operation Approach	260
AMANO, AKIHIRO. Stability Conditions in the Pure Theory of Interna- tional Trade: A Rehabilitation of the Marshallian Approach . . . . .	326
BASSETT, LOWELL. The Solution of Qualitative Comparative Static Prob- lems: Comment . . . . .	519
BAUER, PETER T. International Development Policy: Two Recent Studies .	474
BEHMAN, SARA. Wage-Determination in U.S. Manufacturing . . . . .	117
BERTRAND, TRENT J. Per Capita Consumption and Growth: Comment . . .	165
BISHOP, ROBERT L. The Effects of Specific and Ad Valorem Taxes . . . .	198
BOWMAN, G., DOUBEAR, F. T., LAVE, L. B., LIEBERMAN, A., PRESCOTT, E., RUETER, F., and SHERMAN, R. Collusion in Oligopoly: An Experiment on the Effect of Numbers and Information . . . . .	240
BRADFORD, DAVID F. The Enlistment Decision under Draft Uncertainty . .	621
BRUNO, MICHAEL, BURMEISTER, EDWIN, and SHESHINSKI, ETTAN. The Badly Behaved Production Function: Comment . . . . .	524
BURMEISTER, EDWIN, BRUNO, MICHAEL, and SHESHINSKI, ETTAN. The Badly Behaved Production Function: Comment . . . . .	524

	PAGE
BURMEISTER, EDWIN, DOBELL, RODNEY, and KUGA, KIYOSHI. A Note on the Global Stability of a Simple Growth Model with Many Capital Goods	657
CHIU, JOHN S., MONSEN, R. JOSEPH, and COOLEY, DAVID E. The Effect of Separation of Ownership and Control on the Performance of the Large Firm . . . . .	435
CHOW, GREGORY C. The Acceleration Principle and the Nature of Business Cycles . . . . .	403
COOLEY, DAVID E., MONSEN, R. JOSEPH, and CHIU, JOHN S. The Effect of Separation of Ownership and Control on the Performance of the Large Firm . . . . .	435
DEMSETZ, HAROLD. The Cost of Transacting . . . . .	33
DIAMOND, PETER. The Opportunity Costs of Public Investment: Comment	682
DOBELL, RODNEY, BURMEISTER, EDWIN, and KUGA, KIYOSHI. A Note on the Global Stability of a Simple Growth Model with Many Capital Goods	657
DOLBEAR, F. T., LAVE, L. B., BOWMAN, G., LIEBERMAN, A., PRESCOTT, A., RUETER, F. and SHERMAN, R. Collusion in Oligopoly: An Experiment on the Effect of Numbers and Information . . . . .	240
DUE, JOHN F. Indirect Taxes and Relative Prices: Comment . . . . .	340
FELDSTEIN, M. S., and TSIANG, S. C., The Interest Rate, Taxation, and the Personal Savings Incentive . . . . .	419
FRIEDLAENDER, ANN F., Indirect Taxes and Relative Prices: Reply . . . . .	344
GROSSMAN, HERSHEL I. The Reserve Base, Reserve Requirements, and the Equilibrium Rate of Interest: Comment . . . . .	504
HIRSCHMAN, ALBERT O. The Political Economy of Import-Substituting Industrialization in Latin America . . . . .	1
HOLMES, W. LYNN. Linear Decision Rules for Economic Stabilization and Growth: Comment . . . . .	514
KAIN, JOHN F. Housing Segregation, Negro Employment, and Metropolitan Decentralization . . . . .	175
KREININ, MONDECHAI E. Israel and the European Economic Community .	297
KRUEGER, ANNE O. The Impact of Alternative Government Policies under Varying Exchange Systems: Reply . . . . .	511
KUGA, KIYOSHI, BURMEISTER, EDWIN, and DOBELL, RODNEY. A Note on the Global Stability of a Simple Growth Model with Many Capital Goods . . . . .	657
LAVE, L. B., DOLBEAR, F. T., BOWMAN, G., LIEBERMAN, A., PRESCOTT, E., RUETER, F., and SHERMAN, R. Collusion in Oligopoly: An Experiment on the Effect of Numbers and Information . . . . .	240
LEITH, J. CLARK. Substitution and Supply Elasticity in Calculating the Effective Protective Rate . . . . .	588
LELAND, HAYNE E. Saving and Uncertainty: The Precautionary Demand for Saving . . . . .	465
LIEBERMAN, A., DOLBEAR, F. T., LAVE, L. B., BOWMAN, G., PRESCOTT, E., RUETER, F., and SHERMAN, R. Collusion in Oligopoly: An Experiment on the Effect of Numbers and Information . . . . .	240
LOVELL, C. A. KNOX. Capacity Utilization and Production Function Estimation in Postwar American Manufacturing . . . . .	219
MARSCHAK, THOMAS. Centralized Versus Decentralized Resource Allocation: The Yugoslav "Laboratory" . . . . .	561
McCLOSKEY, DONALD N. Productivity Change in British Pig Iron, 1870-1939	281
McNULTY, PAUL J. Economic Theory and the Meaning of Competition .	639
McMEEKIN, GORDON C. and ROSKAMP, KARL W. Factor Proportions, Hu-	

	PAGE
man Capital and Foreign Trade: The Case of West Germany Reconsidered . . . . .	152
MEYER, PAUL A. The Reserve Base, Reserve Requirements, and the Equilibrium Rate of Interest: Comment . . . . .	498
MICHAELY, MICHAEL. The Impact of Alternative Government Policies under Varying Exchange Systems: Comment . . . . .	508
MINAMI, RYOSHIN. The Turning Point in the Japanese Economy . . . . .	380
MONSEN, R. JOSEPH, CHIU, JOHN S., and COOLEY, DAVID E. The Effect of Separation of Ownership and Control on the Performance of the Large Firm . . . . .	435
MORRIS, CYNTHIA TAFT and ADELMAN, IRMA. Performance Criteria for Evaluating Economic Development Potential: An Operational Approach . . . . .	260
OTT, DAVID J. and ATTIAI F. Monetary and Fiscal Policy: Goals and the Choice of Instructions . . . . .	313
PIORE, MICHAEL J. The Impact of the Labor Market upon the Design and Selection of Productive Techniques within the Manufacturing Plant . . . . .	602
PRESCOTT, E., DOLBEAR, F. T., LAVE, L. B., BOWMAN, G., LIEBERMAN, A., RUETER, F., and SHERMAN, R. Collusion in Oligopoly: An Experiment on the Effect of Numbers and Information . . . . .	240
ROSKAMP, KARL W. and McMEEKIN, GORDON C. Factor Proportions, Human Capital and Foreign Trade: The Case of West Germany Reconsidered . . . . .	152
RUETER, F., DOLBEAR, F. T., LAVE, L. B., BOWMAN, G., LIEBERMAN, A., PRESCOTT, E., and SHERMAN, R. Collusion in Oligopoly: An Experiment on the Effect of Numbers and Information . . . . .	240
SEVERN, ALAN K. Upward Labor Mobility: Opportunity or Incentive? . . . . .	143
SHERMAN, R., DOLBEAR, F. T., LAVE, L. B., BOWMAN, G., LIEBERMAN, A., PRESCOTT, E., and REUTER, F. Collusion in Oligopoly: An Experiment on the Effect of Numbers and Information . . . . .	240
SHESHINSKY, EYTAN, BRUNO, MICHAEL, and BURMEISTER, EDWIN. The Badly Behaved Production Function: Comment . . . . .	524
SOLOW, ROBERT M. and STIGLITZ, JOSEPH E. Output, Employment and Wages in the Short Run . . . . .	537
STIGLITZ, JOSEPH E. and SOLOW, ROBERT M. Output, Employment and Wages in the Short Run . . . . .	537
STUDENMUND, A. H. and VANEK, J. Towards a Better Understanding of the Incremental Capital-Output Ratio . . . . .	452
TAKAYAMA, AKIRA. Regional Allocation of Investment: Corrigendum . . . . .	526
TSIANG, S. C. and FELDSTEIN, M. S. The Interest Rate, Taxation, and the Personal Savings Incentive . . . . .	419
TUCKER, DONALD P. Credit Rationing, Interest Rate Labs, and Monetary Policy Speed . . . . .	54
TURNOVSKY, STEPHEN J. Stochastic Stability of Short-Run Market Equilibrium . . . . .	606
VANEK, J. and STUDENMUND, A. H. Towards a Better Understanding of the Incremental Capital-Output Ratio . . . . .	452
WALLICH, HENRY C. The American Council of Economic Advisers and the German <i>Sachverstaendigenrat</i> : A Study in the Economics of Advice . . . . .	349
WEITZMAN, MARTIN. A Model of the Demand for Money by Firms: Comment . . . . .	161
WILLIAMSON, OLIVER E. Wage Rates as a Barrier to Entry: The Pennington Case in Perspective . . . . .	85

